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Minority Business Today

U.S. DEPARTMENT OF COMMERCE Minority Business Development Agency

Med Week '85 Winners Honored By Bush At White House Ceremony

Vice President George Bush, in commemoration of the nation's third annual observance of Minority Enterprise Development Week, presented top awards to the outstanding minority entrepreneurs of the year in the United States.

During a special ceremony at the Old Executive Office Building in Washington, D.C., Bush said, "The American dream is what the expansion of minority-owned businesses into every area of the economy is all about."

TOP ENTREPRENEURS

Bush presented National Minority Entrepreneur of the Year awards to Jolyn H. Robichaux, president, Baldwin Ice Cream Co. of Chicago, and John Mariotta, chairman and chief executive officer, Wedtech Corp., a high-tech defense systems manufacturer in Bronx, N.Y. Both were selected from a nationwide competition sponsored by MBDA.

SBA'S AWARDEE

The vice president also presented the National Minority Small Business Person of the Year award to Jose Edward de-Santiago, president of Desco Steel Products, Inc. of Houston, Texas. DeSantiago

VICE PRESIDENT GEORGE BUSH (center) presenting the national winners of the 1985 Minority Entrepreneurs of the Year awards during national observances of the third annual Minority Enterprise Development Week, proclaimed by President Ronald Reagan. Standing left to right are: Jolyn H. Robichaux, president, Baldwin Ice Cream Co. of Chicago; John Mariotta, chairman and chief executive officer, Wedtech Corp. of Bronx, N.Y. and Jose Edward deSantiago, president, Desco Steel Products, Inc. of Houston, Texas. Standing beside the vice president are: James C. Sanders, administrator, U.S. Small Business Administration, James H. Richardson Gonzales, director, Minority Business Development Agency, and Wilfredo J. Gonzalez, associate administrator for minority small business and capital ownership development, SBA.

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INJECTION MOLDED PLASTICS specialists—Custom Molders, Inc. of Durham, N.C.—exhibited at the 1985 Procurement Fair. Custom Molders' President Franklin R. Anderson (left) explaining the firm's state-of-the-art engineering capabilities.

was selected for the national award by the U.S. Small Business Administration, which joined MBDA as co-sponsor of national Minority Enterprise Development Week festivities.

REAGAN'S PROCLAMATIONS

Minority Enterprise Development Week was first proclaimed by President Reagan in 1983.

In proclaiming the 1985 observance, Reagan said, "Minority enterprises today form a significant proportion of all the nation's businesses, and their number is continuing to grow. The talents, insights and hard work of minority Americans are adding to our nation's technological prowess, providing us with new solutions for important problems and creating jobs in many industries, some of which did not even exist only a few years ago. This is the genius of economic freedom and we should do everything in our power to preserve this freedom and expand it so that opportunity for all will continue to be the defining characteristic of our society." The vice president's participation highlighted this year's MED Week activities which attracted 700 participants from across the country for the national observances held in Washington, D.C., Oct. 6-12.

BALDRIGE'S AFFIRMATION

At a special luncheon, Commerce Secretary Malcolm Baldrige reaffirmed the Reagan administration's commitment toward increasing business opportunities for minority entrepreneurs.

"The Reagan administration is helping minority firms to build on these opportunities," Baldrige said, referring to an MBDA report which revealed a 28 percent increase in federal grants, loans, and contract awards to minority firms.

Baldrige also commended corporate America's role in minority business development efforts. "Corporate America's support of minority business, without a doubt, must be commended. And we must redouble our efforts to encourage corporate America to do more business with minority firms. Likewise, minority firms must look to the private sector for their future opportunities."

MAJOR CORPORATIONS

Baldrige's remarks set the tone for a corporate awards breakfast during this year's MED Week honoring major corporations with outstanding minority business programs. The corporations honored by MBDA were: The Boeing Co.; Borden, Inc.; Ford Motor Co.; General Motors Corp.; Motorola, Inc.; Proctor & Gamble Co.; Standard Oil Co.; Upjohn Co.; Westinghouse Electric Corp.; Metropolitan Life Insurance Co.; Citibank, N.A.; New York Telephone Co.; Pacific Gas & Electric Co.; Turner Construction Corp.; Edison Electric Institute; AT&T Technologies; Aluminum Company of America; E.I. du Pont de Nemours & Co.; and J.C. Penney, Inc.

SBA also presented top corporate honors to several firms including the Coca-Cola Co.; General Electric Co.; Indiana Bell Telephone Co.; Martin Marietta Aerospace; and Rockwell International Corp.

C. FRED FETTEROLF
"...Alcoa will spend $40 million with minority firms in 1985."

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SBA FAIR

For the second year, SBA sponsored the National Minority Procurement Trade Fair where approximately 200 companies participating in the agency's 8(a) procurement program exhibited their products and services. MBDA also sponsored a special "Marketplace" seminar where minority entrepreneurs marketed their goods and services to major corporations and federal agencies.

TOPICAL SEMINARS

Special seminars were also featured during MED Week on numerous topics including selling to the government, sources of venture capital, doing business with corporate America, trade, franchising, construction, and telecommunications.

MINORITY BUSINESS TODAY

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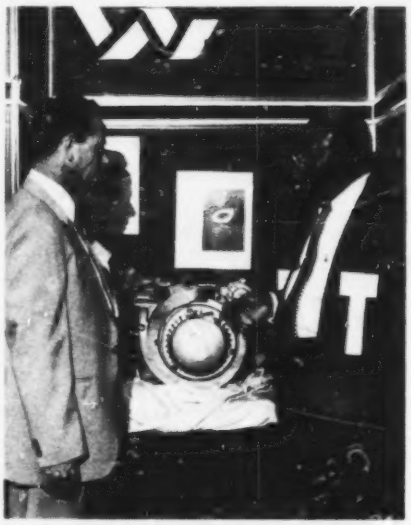
All the MED Week '85 national winners were honored at an award's dinner. MBDA Director James H. Richardson Gonzales and SBA Administrator James C. Sanders presided over the evening's festivities and presented 24 individual awards.

HONOR ROLL

MBDA's national award recipients for 1985, including Mariotta and Robichaux, were: National Minority Manufacturer—Dr. Albert Wey, president, Advanced Fiberoptics Corp. of Tempe, Ariz.; National Minority Retail Firm—Gilberto Gonzalez, chairman, International Wholesaler/Retailers Corp. of Washington, D.C.; National Minority Service Industry Firm—Frank Flores, president, Marsden Reproductions of New York; National Minority Construction Co.—Mat Lucero, president, Mat Lucero Construction of Los Lunas, N.M.; National Minority Supplier—William Davis, president, Eagle Steel Products, Inc. of Louisville, Ky.; Minority Trade Association—Ibero-American Chamber of Commerce; National Advocate—Frito-Lay, Inc. of Dallas; Minority Government Contractor—Joshua I. Smith, president, Maxima Corp. of Bethesda, Md.; Local Government Award—Augusta, Ga.



MED WEEK WINNER Wedtech Corp. of Bronx, N.Y., displayed its products and services at the Procurement Fair. Eddie E. Anderson (left), installation specialist, demonstrating a standard military engine manufactured by Wedtech.

SBA PROCUREMENT FAIR, during 1985 MED Week, attracted 200 minority companies. Sam Edith V. Wegman, president, Sam's Electronics, Inc., discussing the firm's capabilities with a potential customer.

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DIVERSIFIED ENGINEERING, INC.'s Marketing Manager Harpel S. Malik (left) demonstrating automation equipment.

SPECIAL HONORS

Special honors also were presented: Director's Special Recognition Award—C.J. Patterson, chairman of the National Business League; Director's Award of Excellence—Thomas F. Gilbane, Jr., president, Gilbane Building Co. of Landover, Md.; Director's Special Recognition Award—The University of Pittsburgh.

The MED Week award's dinner keynote speaker was C. Fred Fetterolf, president and chief operating officer for Aluminum Company of America in Pittsburgh, Pa.

MAINSTREAMING MINORITIES

In his remarks, Fetterolf said, "The mainstreaming of minorities into America's economy remains on the national agenda of critical issues."

In 1984, Alcoa spent $375 million on purchases from small businesses of which $14 million was awarded to minority-owned firms, Fetterolf noted. And in 1985, the company's goal is $40 million.

"Our actions today will benefit our own businesses in the future and, at the same time, we will be strengthening the economic system, Fetterolf said. "It is by such acts that history is made, and it is through such acts that we have a chance to change things for the better. It's an opportunity we cannot let slip away."

Roundup

MBDA Regions Honor Minority Businesses

Across the U.S.A., government and private industry leaders saluted the outstanding accomplishments of the nation's minority business community during the third annual observance of Minority Enterprise Development Week.

Governors, mayors, city and county administrators joined executives representing major corporations and federal agencies to honor local minority businesses throughout MBDA regional locations in Atlanta, Chicago, Dallas, New York, San Francisco, and Washington, D.C.

STATE OBSERVANCES

In many states, governors issued proclamations, while mayors acknowledged the special week of observances through executive orders.

Among the governors and mayors participating in this year's MED Week festivities were Illinois Governor James R. Thompson; Chicago Mayor Harold Washington; Atlanta Mayor Andrew Young; California Governor George Deukmejian; San Francisco Mayor Dianne Feinstein; Oakland Mayor Lionel J. Wilson; District of Columbia Mayor Marion S. Barry, Jr.; and New York Mayor Edward I. Koch.

REGIONAL HONOREES

Top honors were presented to advocates of the year, outstanding trade associations, and leading minority businesses in manufacturing, construction, retail, and service industries throughout MBDA regions.

ATLANTA

ENTREPRENEUR

Oscar L. Harris,
president, Turner
Associates/Architects,
and Planners, Inc.,
Atlanta, Ga.

ENTREPRENEUR

Judith W. Watkins,
president,
Mostly Flowers,
Louisville, Ky.

CONSTRUCTION

Herbert A. DeCosta,
president,
H.A. DeCosta Co.,
Charleston, S.C.

MANUFACTURING

Albert and Danita Joyner,
president and vice president,
Specialty Containers
Manufacturing, Inc.
Mobile, Ala.

RETAIL

George P. Shoultz,
president,
G. Shoultz & Co.,
Columbus, Ga.

SERVICE

Norman Hill,
president,
Gulf Coast Safety
Products, Inc.,
Mobile, Ala.

SERVICE

Herb and Carole Colvin,
president and vice president,

Suncoast Satellite Systems, Inc.,
Tampa, Fla.

CHICAGO

ENTREPRENEUR

Jolyn H. Robichaux,
president,
Baldwin Ice Cream Co.,
Chicago, Ill.

CONSTRUCTION

Juan Quiroz,
president,
Down River Precision
Piping, Inc.,
Romulus, Mich.

MANUFACTURING

Henry Aguirre,
president,
Mexican Industries,
Detroit, Mich.

RETAIL

Porterfield Wilson,
president,
Porterfield Wilson, Inc.,
Detroit, Mich.

SERVICE

Paul Gutierrez,
president,
Midwest Maintenance Co.,
Omaha, Neb.

DALLAS

CONSTRUCTION

Richard E. Battle,
president,
All Service Electrical Co.,
Houston, Texas

MANUFACTURING

Jose De Santiago,
president,
Desco Steel Products, Inc.,
Houston, Texas

RETAIL

Jackie Edgar,
president,
Edgar Chevrolet, Inc.,
Jeanerette, La.

SERVICE

Robert G. Rodriquez,
president,
Southwestern Capital Markets, Inc.,
San Antonio, Texas

SERVICE

Victor Puente, Sr.,
president,
Southwest Office Systems,
Fort Worth, Texas

NEW YORK

CONSTRUCTION

Hamilton Bowser,
president,
Evanbow Construction Co.,
East Orange, N.J.

MANUFACTURING

Francisco Unanue,
president,
Goya de Puerto Rico,
Bayamon, P.R.

RETAIL

Luis Rodriquez Delgado,
president,
Gitty's Toys, Inc.,
Mayeguez, P.R.

SERVICE

Frank Flores,
president,
Marsden Reproductions, Inc.,
New York, N.Y.

TRADE ASSOCIATION

Association of Minority
Enterprises of New York, Inc.,
Jamaica, N.Y.

ADVOCATE

Vernett Bludson-Francis,
vice president,
Citibank, N.A.,
New York, N.Y.

SAN FRANCISCO

CONSTRUCTION

Paul Delgado,
president,
Delgado & Sons, Inc.;
Yucaipa, Calif.

MANUFACTURING

Dr. Albert Wey,
president,
Advanced Fiberoptics Corp.,
Tempe, Ariz.

RETAIL

Michael Nelson,
president,
Navajo Westerners,
Window Rock, Ariz.

SERVICE

Alvin K. Joe, Jr.,
president,
Geo/Resource Consultants, Inc.,
San Francisco, Calif.

ADVOCATE

Oscar J. Coffey, Jr.,
president,
National Association of
Black and Minority Chambers
of Commerce,
Oakland, Calif.

TRADE ASSOCIATION

California Hispanic Chamber
of Commerce.
Sacramento, Calif.

WASHINGTON

MANUFACTURING

Larry Myers,
president,
Myers Associates,
Harrisburg, Pa.

SERVICE

Clarence H. Braddock
and Conrad Hipkins,
president and chairman,
Automated Sciences Group, Inc.,
Silver Spring, Md.

WHOLESALE/RETAIL

Gilberto Gonzales,
president,
International Wholesalers Corp.,
Washington, D.C.

Minority Firms Sought to Expand N.C. Airport

The New Hanover County Board of Commissioners in Wilmington, N.C., is actively seeking minority-owned businesses to participate in a $17.7 million project to expand the New Hanover County Airport.

PARTICIPATION GOAL

The board of commissioners has established an 11 percent goal for minority-owned and women-owned business participation.

The first phase of the project is construction of the new airport facility. Phase two includes concessions and services.

To facilitate this project, the board has established a Minority Business Enterprise/Women's Business Enterprise Program.

INFORMATION CONTACT

For additional information regarding the program and the airport project, contact: Patricia A. Melvin, project manager, New Hanover Human Relations Commission, 320 Chestnut St., Room 409, Wilmington, N.C. 28401, (919) 341-7171.

Top National Entrepreneurs

Robichaux and Mariotta Seek Growth in Manufacturing

She is president of the nation's only black-owned ice cream manufacturing company in the United States dealing in wholesale as well as retail sales. He is chairman and chief executive officer of a $100 million Hispanic-owned high-tech defense systems manufacturing firm in Bronx, N.Y.

Together, Jolyn H. Robichaux and John Mariotta were honored during Minority Enterprise Development Week as the 1985 National Minority Entrepreneurs of the Year. The top honors were presented by Vice President George Bush at a special White House ceremony in Washington, D.C.

O'HARE CONCESSIONAIRE

Robichaux, president of Baldwin Ice Cream Co. of Chicago, heads one of the twenty largest black-owned businesses in that city. Baldwin was the first black-owned concessionaire at O'Hare International Airport in Chicago.

With more than 400 accounts, Baldwin's two retail stores and concessions sell 500,000 gallons of ice cream, generating $4.8 million in annual sales throughout Chicago and parts of Indiana. Major customers of the firm, which has 70 employees, include: Jewel Food Stores, Independent Certified Stores, and various hospitals, cafeterias, restaurants, and government civilian and military installations.

SUCCEEDED HUSBAND

Baldwin Ice Cream was the outgrowth of a company established in 1922 by a group of black Chicago postal employees.

In 1967, Robichaux and her late husband, Joseph, bought the existing company from the Baldwin family, its original owners. Robichaux, who was appointed Baldwin's executive vice president, became the firm's president when her husband died four years later.

CAREER CHANGE

She took over the company after a career in public relations with General Mills, where she was the Midwest representative for the Betty Crocker Kitchen division.

A native of Cairo, Ill., Robichaux said being selected national minority entrepreneur of the year was a high honor and "very exciting." "This award gives national recognition to a small black business that has been able to survive for more than 60 years. It will help my business to become even stronger."

MBDC ASSISTANCE

Robichaux was nominated for the national award by Alexander Grant and Co., a certified public accounting firm operating MBDA's funded Chicago Minority Business Development Center.

Robichaux has been a client of Alexander Grant for several years. The firm assisted her to obtain $250,000 in financing to open Baldwin's three concession stores at O'Hare International Airport. The firm plans to open two additional stores at O'Hare in 1986.

EXPLORING FRANCHISING

Robichaux is optimistic about Baldwin's future growth. She said the firm will launch a new advertising campaign to increase sales and expand company operations in Chicago. She also is exploring the possibility of offering Baldwin Ice Cream franchises. She said the firm received 70 letters from people interested in opening Baldwin franchises after a story on the company appeared in **Black Enterprise** magazine.

We're looking very carefully into national franchising,' said Robichaux. "We think it may offer Baldwin a bright future."

Another company with a bright and prosperous future is Wedtech Corp. of Bronx, N.Y.

Headed by John Mariotta, Wedtech's chairman and chief executive officer, the firm has grown from 15 to more than 800 employees with annual gross sales of $100 million, up from $150,000 in sales when the company first opened 20 years ago.

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1985 ENTREPRENEURS OF THE YEAR John Mariotta, chairman and chief executive officer, Wedtech Corp. of Bronx, N.Y., and Jolyn H. Robichaux, president, Baldwin Ice Cream Co. of Chicago shortly after receiving their awards from Vice President Bush.

CHANGING PERCEPTIONS

Mariotta has been credited with almost singlehandedly changing the common perception that most people have about minorities living in the south Bronx.

"We're proving that minorities in the south Bronx are more interested in economic development and self-improvement than welfare or food stamps," said Mariotta, noting that most of his employees were low-income residents of the area whom he trained for high-tech jobs in the defense industry.

EMPLOYEES COMMENDED

Mariotta credited his employees for his firm's outstanding success and his recognition as one of the 1985 Minority Entrepreneurs of the Year. "I could not accept this award without thanking my employees for their fine efforts," Mariotta said, upon receiving the award from Vice President Bush. Wedtech was nominated for the national award by the Latin American Manufacturers Association, a trade organization funded by MBDA.

Mariotta founded Wedtech in 1965 under the corporate name, Welbilt Electronic Die Corp.

EXCELLENT STANDARDS

The firm specializes in manufacturing precision products for aircraft, missiles, tanks, armored personnel carriers, helicopters and other such weapons systems for the U.S. Department of Defense. Wedtech's quality control standards have been excellent. The firm has never had a manufactured product rejected by the Defense Department. "And we're one of only two companies in the country that have received the Defense Department's award for quality excellence," Mariotta said.

HIGH-TECH SYSTEMS

Wedtech's products for the Defense Department have ranged from simple precision-machined parts to the most demanding high-performance systems. Since 1982, the corporation has had a $31 million contract to manufacture six-horsepower military standard engines.

Wedtech's 500,000 sq.-ft. plant in the Bronx also manufactures a wide variety of high-tech, state-of-the-art products used in satellites and semiconductors. Its plant is equipped with the latest in-technology, including the nation's largest and most sophisticated laser-cutting system.

UNIQUE PROCESS

The corporation also has developed a unique patented coating process for metal parts that is expected to revolutionize the precision-machine parts industry.

In 1984, *Inc.* magazine listed Wedtech as one of the fastest-growing small public companies. During that year, the corporation went public and its stock is currently traded on the American Stock Exchange. The firm raised more than $30 million as the result of its public stock offering in 1984.

PUBLIC CORPORATION

Mariotta said his decision to go public was made out of necessity. "The banks wouldn't lend us any money, so we decided to sell stock in the company. Today, the banks lend us money."

COMPETITIVE PRODUCT

Mariotta credited Wedtech's overwhelming success to its ability to produce a quality product at a price offered cheaper than its competitors. "We offer a quality product at a cheaper price," he said. "That is what America is all about."

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ASG and International Wholesalers Win Top Honors In Washington Region

HIPKINS SPEARHEADS HIGH-TECH FIRM

Conrad Hipkins, chairman of Automated Sciences Group, Inc., has observed and contributed to the growth of the computer industry for 30 years.

His career began upon graduating from Rutgers University where he received a bachelor's degree in mathematics in 1955. His first position was in the nuclear reactor field. He then changed to the aircraft engineering field. In 1974, Hipkins decided to work for himself and founded Automated Sciences Group, Inc.

430 EMPLOYEES

Within 12 years, Hipkins engineered the growth of ASG from one employee to 430 managerial and technical professionals. In 1984, the firm had gross annual sales of $23 million, and projects even higher sales in 1985.

ASG was honored during Minority Enterprise Development Week as the 1985 Minority Service Industry Firm of the Year in MBDA's Washington Region. The firm was selected through regional competition among firms in Delaware, District of Columbia, Maryland, Pennsylvania, Virginia and West Virginia.

RECOGNIZED LEADER

Headquartered in Silver Spring, Md., ASG is rapidly becoming a recognized leader in the advanced computer technology industry.

"We attract a variety of problems, using the computer as a tool," said Hipkins in a telephone interview with a reporter. "We develop all kinds of financial, manpower and logistics systems. Basically, we take input data, manipulate it in various ways through our computers, and provide output reports to our clients."

ASG specializes in various services including software engineering, integrated logistics support, systems engineering, office automation, computer programming, and micrographics.

CORPORATE LEADERSHIP provided by Conrad Hipkins (left), chairman, and Clarence H. Braddock, Jr., president and chief executive officer, made Automated Sciences Group, Inc. a leader in the application of advanced technology and systems solution.

IMPRESSIVE CLIENTELE

The firm serves an impressive array of government and corporate clients including the departments of Defense, Commerce, State, Transportation and Treasury; and major private companies such as Consolidated Rail Corp., General Electric, Martin Marietta Aerospace, International Business Machines, and United Technologies Corp.

Some of the projects ASG has performed include providing integrated logistic support for the Naval Air Systems Command, systems engineering and management support for an Army and Air Force program in electronic battlefield intelligence gathering, and design and development of the Marine Corps Standard Supply System.

GROWTH OPPORTUNITIES

As for ASG's future growth, Hipkins said the firm is pursuing opportunities in medium- to high-technology fields such as the space defense initiative program.

"We would't want to be tied down to one particular client," Hipkins said. "We're quite pleased with the federal government as our primary client, but we do believe we should pursue other areas such as the private marketplace and state and local government markets."

GONZALES LEADS $11 MILLION CORP.

Gilberto Gonzalez opened his first grocery store in Baltimore, Md., in 1964. Twenty-one years later, Gonzalez's International Wholesalers/Retailers Corp. has been named the 1985 National Minority Retail Firm and ranks 113th among the nation's 400 leading Hispanic-owned businesses.

Gonzalez, who came to the United States from Cuba in 1963 and worked as a sugar cane cutter in Florida before opening his grocery store, was presented the national honor during Minority Enterprise Development Week.

TWO AWARDS

In addition to the national award, International Wholesalers received regional award recognition from MBDA's Washington Regional Office during MED Week.

Gonzalez began International Wholesalers, now headquartered in Washington, D.C., by selling imported foods to approximately nine Hispanic retail grocery stores in the community. Today, the family-owned business has a clientele of over 250 stores and has estimated annual gross sales of $11 million. The Gonzalez family owns a chain of five grocery stores in the District of Columbia, Maryland, and Virginia.

MBDA DIRECTOR James H. Richardson Gonzales (right) presenting 1985 National Retail Firm of the Year award to Gilberto Gonzalez, chairman of International Wholesalers/Retailers Corp. of Washington, D.C.

EXPANSION LOAN

For a few years, International Wholesalers has been a client of two MBDA-funded organizations: Leevy, Redcross and Co., operator of the Washington, D.C. Minority Business Development Center, and the Greater Washington Ibero-American Chamber of Commerce.

Both organizations assisted Gonzalez in obtaining $620,000 in financing for plant expansion from the District of Columbia's Local Development Corp. and the National Bank of Washington.

As the result of the assistance, Gonzalez has purchased the building in which International Wholesalers is headquartered and expanded its operation from 18 to 31 employees.

EXEMPLARY BUSINESS

At a special ceremony announcing the funding assistance, Washington, D.C. Mayor Marion Barry, Jr. said International Wholesalers is "an excellent example of the kind of business we want to keep in the District." "The private sector is learning that there are many advantages to doing business in the District, and we try to provide the kind of support services needed to help local businesses expand and prosper."

SOLID INVESTMENT

"Given International Wholesalers' past history and solid investment potential, the city government and local bank officials couldn't go wrong in helping to finance the company's needs, said Avelino Gonzalez, business analyst for the Washington, D.C. Minority Business Development Center.

PROSPEROUS ASSISTANCE

In response to the national award recognition and assistance for plant expansion purposes, Gonzalez said, "Officials of the Minority Business Development Agency, the District government, the National Bank of Washington, and the Washington Minority Business Development Center have been very professional and responsive to us. Their assistance will bring prosperity to my company."

Calendar

Second White House Conference Meets in Washington, D.C. Aug. 17-21, 1986

President Reagan will host the second annual White House Conference on Small Business Aug. 17-21, 1986 in Washington, D.C., White House officials announced.

UNIQUE OPPORTUNITY

"The White House Conference on Small Business is a unique opportunity for small business to meet the challenges that lie ahead," the president said. "It's your chance to make your views known to the White House and the Congress. Through this conference, small business will formulate specific and comprehensive recommendations for the future of small business and America."

1980 RECOMMENDATIONS

Delegates attending the first conference in 1980 sent 60 recommendations to the president and the Congress. Since then, two-thirds of these recommendations have been acted upon legislatively or administratively.

The 1986 conference theme is "In the Spirit of Enterprise."

According to Jack L. Courtemanche, executive director of the White House Conference on Small Business, the upcoming conference will bring together more than 1,800 delegates to Washington, D.C., with more than 30,000 people expected to participate across the country in 55 state conferences.

ECONOMIC FORCE

"Small business is the engine which drives the American economy," Courtemanche said. "It is the single most important segment of our industries for job creation, innovation and entrepreneurial spirit."

With 14 million small businesses employing nearly half the work force and generating about 38 percent of the nation's gross national product, small business today is a significant force and is making its mark on the policies that affect our economy and the world, Courtemanche noted.

DELEGATE ELECTIONS

Delegates and alternates to the national conference will be elected by participants at the 55 state conferences. The number of delegates elected in each state will be a minimum of ten.

In addition, each governor may appoint one delegate and one alternate; so may chief political officials of the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, and Guam. Also each member of the House of Representatives—including delegates from the District of Columbia, Puerto Rico, American Samoa, Guam and the Virgin Islands—and each member of the U.S. Senate may appoint one delegate and one alternate. The president may appoint 100 delegates and 100 alternates.

RESIDENCE REQUIREMENT

All delegates must attend the conference in the state where they reside, must be an owner, partner, or corporate officer of a small business, and must employ under 500 people.

Each of the 55 state conferences will include workshops on issues such as: capital formation, tax policy, education and training, procurement, international trade, regulatory policy, finance, and economic policy.

REGISTRATION INFORMATION

Conference registration forms will be available through direct mail, trade associations and trade publications, congressional mailings, regional and local SBA and Department of Commerce offices, and general media promotion. Pre-registration is encouraged; however, on-site registration will be available beginning the evening before the conference. Mail inquiries to: White House Conference on Small Business, 1800 K St., N.W., Suite 1101, Washington, D.C. 20006.

CONFERENCE SITES

Listed by date, city, state, and hotel are the planned state conferences on small business, beginning with those meeting this year:

Dec. 5, Cleveland, Ohio., Stouffer Inn on the Square; Dec. 11, Hershey, Penn., Hershey Lodge; Dec. 17, Charleston, W.V., Charleston Marriott; Dec. 17, Baltimore, Md., Hyatt Regency Baltimore and Baltimore Convention Center.

Jan. 7, Los Angeles, Calif., Anaheim Hilton Towers; Jan. 10, San Francisco, Calif., Sheraton Palace; Jan. 14, Honolulu, Hawaii., Weston Ilikai; Jan. 17, Seattle, Wash., Jan. 24, San Juan, Puerto Rico; Jan. 28, Raleigh, NC., Radisson Plaza Raleigh and Raleigh Civic Center Complex; Jan. 31, Columbia SC. Carolina Inn.

Feb. 5, Orlando Fla. Hyatt Orlando; Feb. 10, New York City, N.Y., The Rye Town Hilton; Feb. 14, Miami, Fla.; Feb. 19, Jackson, Miss., Holiday Inn Downtown; Feb. 21, New Orleans, La., Hyatt Regency New Orleans; Feb. 25, Louisville, Ky., Hyatt Regency Louisville; Feb 28, Nashville, Tenn., Hyatt Regency Nashville.

March 7, Washington, D.C.,; March 11, Cherry Hill, N.J., Hyatt Cherry Hill; March 18, Houston, Tx., Westin Galleria; March 21, Dallas, TX., Loews Anatole; March 25, Albuquerque, N.M., Regent Albuquerque.

April 1, Indianapolis, Ind., Hyatt Regency Indianapolis; April 8, St. Louis, Mo., Clarion; April 11, Des Moines, Iowa, Des Moines Marriott; April 15, Wichita, Ka., Hotel Broadview; April 18, Little Rock, Ark., Excelsior Hotel and University Conference Center; April 22, Oklahoma City, Okla., Hilton Inn West; April 25, Las Vegas, Nev., MGM Grand.

May 1, Phoenix, Ariz., Hyatt Regency Phoenix; May 6, Billings, Montana., Northern Hotel; May 9, Portland, Ore.; May 13, Boise, Idaho., Red Lion Inn; May 16, Anchorage, Ak., Shearton Anchorage Hotel; May 22, Syracuse, N.Y., Some hotels were not selected at publication time.

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Reagan Pledges Tax Reform Legislation to Assist Small Business

President Reagan, in his annual report to Congress on the State of Small Business, said he would press for "a simplified tax system with the lowest possible burden for the individual and small business."

The President said that "in 1985, the opportunity for small business growth will continue" and then added that "congressional action on tax reform is very much in order." Our efforts to lower the tax burden on small businesses are not complete as long as the tax code is so cumbersome and complicated.

BUSINESS OPPORTUNITIES

"Businesses must be allowed to develop based on opportunities in the marketplace, not on their ability to weave around the various tax technicalities that have developed over the years. Our goal in this reform is not to balance the concerns of various special interests, but to achieve a fairer and simpler tax system for all taxpayers, including our 14 million small businesses."

JOB INCREASE

The annual report, prepared by the U.S. Small Business Administration's Office of Advocacy, said that in 1984, "The dynamic small business sector showed an extraordinary capacity to mobilize resources and generate new growth in the changing economy." The report further stated that between November 1984, employment in industries dominated by small firms rose 11.4 percent, compared with a 5.3 percent job increase in industries dominated by large companies. The report defined small business-dominated industries as those with a minimum of 60 percent of employment or sales in firms with fewer than 500 employees.

Employment growth was particularly noteworthy in the small business dominated subsector of construction, 18.9 percent, finance, 12.7 percent and services, 12.6 percent.

MINORITY GAINS

The report also said that minority Americans have continued to make modest gains in business in recent years. From 1977 to 1983, the number of minority self-employed persons increased in relation to the number of minorities of an age to enter business activities, which is 16 years and over.

By 1983, there were approximately 21 self-employed persons per 1,000 minority persons aged 16 or over—an increase of 5 percent over 1977, the report said.

NONTRADITIONAL FIRMS

"Public and private sector efforts to provide debt and equity financing for minority-owned businesses have given minorities incentives to enter new areas and contributed to the liquidity of firms in early stages, "the report stated. "These initiatives have encouraged entry of minority-owned businesses into nontraditional lines of industry, particularly construction, manufacturing and wholesale trade. Other efforts have focused on financing minority firms under three-years-old in retail trade, transportation, services, and manufacturing."

The report also said that, "Minority-owned firms in selected nontraditional industries have been found to be as profitable as their nonminority counterparts."

FEDERAL PROCUREMENTS

Federal government procurement from minority-owned firms has also grown. In December 1982, federal agencies were directed to increase minority contracting goals; the value of prime contracts and subcontracts to minority-owned firms increased by 10 percent in 1983.

Section 8(a) of the Small Business Act authorizes the Small Business Administration to subcontract federal awards for goods and services to small businesses owned and controlled by socially and economically disadvantaged persons. The total value of 8(a) subcontracts increased from $2 billion in fiscal 1982 to $2.3 billion in 1983 and $2.7 billion in 1984.

BUSINESS FORMATIONS

The report also said that small business income, as measured by sole proprietorship and partnership income, increased 33.7 percent during the first half of 1984, compared with the same 1983 period. For all of 1983, small business income rose 11.3 percent.

New business incorporations during the first six months of 1984 increased 7 percent, the report said. SBA analysts estimated that new business incorporations for all of 1984 totaled about 640, 000, a new record; the previous record, 600,000, was set in 1983.

In his message, the President also said, "Our small business agenda for 1985 is broad. In addition to spending and tax reform, many other federal policies affect the climate for small business growth.

ENTERPRISE ZONES

"I urge the Congress to act on my proposal for urban enterprise zones, which would provide tax incentives for job creation in distressed areas. Uniform laws governing liability for product defects are important to untangling the maze of conflicting state rules. Control of health care costs is important to us all, and especially important to small business owners who employ half the nation's work force."

In discussing small business developments over the last year, the report said that business deregulation has been of significant benefit to small firms. The report noted that about one-fourth of the 12 million new jobs created between 1976-1982 were in deregulated industries, including air travel, banking and other financial services, trucking and telecommunications.

DEREGULATED INDUSTRIES

Between 1982-83, business starts in the deregulated sectors of the transportation, communications and financial services industries rose 24.8 percent, the report said. This increase was about twice as great as overall business starts in the nation during the same period.

Small firms have accounted for the bulk of job gains in deregulated industries, the report also said. From 1980-82, employment in deregulated industries rose 724,390. Of that total, firms with fewer than 20 employees accounted for 495, 246 new jobs (68.4 percent) and firms with fewer than 500 employees accounted for 650,820 (89.8 percent).

WOMEN-OWNED FIRMS

The report said that women-owned businesses are the fastest growing part of the small business population. From 1977-82, the number of women-owned sole proprietorships increased at an annual rate of 6.9 percent, while all sole proprietorships increased at an annual rate of 3.7 percent. About one in every four sole proprietorships is owned by a woman, the report said.

Copies of the report are available through SBA's Office of Public Communications, 1441 "L" Street, N.W., Washington, D.C. 20416, (202) 653-6822.

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Capital

Rep. Mitchell Proposes Tax Reform Law

Access to capital resources for business start-ups and expansions has traditionally been a problem experienced by the nation's small and minority-owned businesses. A new legislative proposal in Congress, however, would help reduce the problem.

NEW VENTURES

The Entrepreneur Incentive Act of 1985, H.R. 2496, has been introduced in Congress as a tax measure to encourage and boost new small minority business ventures. The legislation is sponsored by Reps. Parren J. Mitchell, D-Md., chairman of the House Small Business Committee, and Ed Jenkins, D-Ga. According to Rep. Mitchell, "The benefits to be derived from business start-up tax incentives highly favor a plan that encourages new business activity that will spawn jobs, tax revenues, productivity and innovation."

INVESTMENT REWARD

Key provisions of H.R. 2496 reward investment in small and minority businesses. They include: A taxpayer deferral of capital gains taxes when proceeds are reinvested in a qualified small or minority business. The maximum deduction would be $125,000; an up-front deduction for taxpayers who invest in a small or minority business; an ordinary loss reduction for investments in small or minority businesses; and, allowance to small or minority business corporations of a deduction of up to $50,000 for dividends distributed to shareholders.

INVESTORS' OPTIONS

Also, the legislation proposes that investors would have the option of selecting their own investment or seeking professional assistance through the use of Small Business Investment Companies (SBICs) and Minority Enterprise Small Business Investment Companies (MESBICs), which are licensed by the Small Business Administration.

SBICs and MESBICs would aid prospective investors in making overall investment decisions based on company earnings, debt/equity ratio, growth potential and assessed value of stock.

COMPATIBLE REFORM

"Proposals of this measure are compatible with other tax reform measures that will come before the Congress for consideration this session," Rep. Mitchell said.

"Lost to the economy would be the economic impact of thousands of new businesses that would never materialize, unless these provisions are adopted."

International Trade

MBDA Awards $249,049 to Form Export Trading Company and Bank

A high-technology professional services company in Washington, D.C., has received a $249,049 grant from MBDA to establish a minority-owned export trading company and a bank to finance the exporting needs of U.S. minority-owned firms.

The award was made to Dyma Associates.

Initially, the firm will identify potential investors to support the minority export trading company and the bank.

STOCK OFFERING

Thomas I. Ahart, president of Dyma Associates and former American Bankers Association executive, said a special stock offering will be made available to interested individuals and institutions to help finance the exporting bank.

A task force also will be assembled including representatives of major corporations, government agencies, minority banks, and minority-owned businesses interested in exporting to develop policy guidelines and a marketing strategy for the export trading company and the bank.

MAJOR STEP

MBDA Director James H. Richardson Gonzales said the award represents "a major step to increase minority business participation in the international marketplace under the Export Trading Company Act of 1982."

"There are many minority-owned businesses in the United States capable of exporting, but they are not doing so because of the inability to raise the necessary capital or cultivate overseas markets," Richardson said. "This project will afford more minority firms currently producing, or interested in selling, exportable products or services the opportunity to gain the necessary capital to successfully compete abroad."

AGENCY RELATIONSHIPS

Dyma Associates will work closely with the International Trade Administration, the Export-Import Bank, private export trading organizations, MBDA's minority business and export development centers, and foreign financiers.

For additional information, contact: Thomas I. Ahart, Dyma Associates, 1705 DeSales St., N.W., Suite 501, Washington, D.C. 20036, (202) 223-3309.

MBDA Awards $684,500 To Aid N.J. Refugees

By Norman V. Alston

A $684,500 award has been made by MBDA to establish a new program to assist businesses owned by minority refugees in New Jersey.

MBDA made the award to Boone, Young and Associates of New York to implement the new Minority Refugee Entrepreneurs Program and operate the Newark, Paterson and Jersey City Minority Business Development Center.

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EMPLOYMENT OPPORTUNITIES

The purpose of the program is to promote and support refugee business development and expansion to increase employment opportunities for refugees through self-employment. Further, it will identify and prepare refugees—persons who fled their homeland because of persecution based on race, religion, political affiliation, or social-group membership—who meet the minority eligibility criteria established by MBDA.

PROGRAM SERVICES

The Minority Refugee Entrepreneurs Program, effective for one year, is targeted to provide services to Southeast Asian, Cuban, and Haitian refugees residing in the northern New Jersey area. According to Robert C. Foskey, of Boone, Young, the New Jersey area is suited for implementation of the program since the targeted minority groups are concentrated there. Another contributing factor is the presence of Catholic Community Services, which provides area refugees with resettlement assistance, job placement, and paralegal services. Because of its experience in refugee affairs, the Catholic Community Services' staff will assist Boone, Young in administering the program. The social service organization will make referrals to Boone, Young; assist in workshop planning; and provide sites for business development workshops.

WORKSHOP TRAINING

Boone, Young will provide management and technical assistance to refugees who qualify for program assistance. This will be accomplished through recruitment and selection of a minimum of 10 refugee entrepreneurs, or prospective business owners, to participate in specialized business training workshops. Boone, Young will also broker public and private sector support on behalf of the minority individuals and firms, offer them a full range of management and technical assistance, and serve as a conduit of information and assistance regarding minority refugee-owned businesses.

FIRST SESSION

According to James Blow, executive director of the Newark, Paterson, and Jersey City MBDC, the Minority Refugee Entrepreneurs Program held its first workshop last September in Union City, N.J., at a Catholic Community Services site. Blow said that discussion topics focused on formulating and implementing a business plan.

Inquiries about the Minority Refugee Entrepreneurs Program may be addressed to Robert C. Foskey of Boone, Young and Associates, 551 5th Ave., New York, N.Y. 10176—(212) 661-8044.

MBDA-SBA Award $350,000 to Aid Business Educators

By Evelyn Codjoe

MBDA and the U.S. Small Business Administration have jointly awarded a $350,000 grant to the International Association of Black Business Educators, a non-profit organization headquartered in Washington, D.C.

MANAGEMENT EXPERTISE

The grant funds a special project to strengthen business management expertise in minority small firms. The International Association of Black Business Educators will coordinate the project with 50 predominantly black colleges and universities across the country.

TRAINING WORKSHOPS

Special business training workshops will be held at participating college and university campuses for students and minority entrepreneurs. Participating students will work with local minority businesses in applying their business education and training experience under the project.

EDUCATIONAL COMMITMENT

In announcing the grant, SBA Administrator James C. Sanders said, "This project is an example of SBA working with the educational community to augment SBA's efforts to serve the small business community."

MBDA Director James H. Richardson Gonzales said, "This award reflects the strong commitment that exists among educational institutions and business leaders to work together in expanding opportunities for minority entrepreneurs. We look forward to working with the International Association of Black Business Educators." Last Sept., the association sponsored an orientation workshop in Atlanta, Ga., for the participating institutions.

Colleges and universities participating in the association's project include Alabama A&M University, Norfolk State University, North Carolina A&T State University, Bethune-Cookman College, Clark College, Florida A&M University, Grambling State University, Hampton University, Tennessee State University, Lemoyne-Owen College, Morehouse College, University of the District of Columbia, Wilberforce University, and Winston-Salem State University.

For further information, contact: Dr. William Crump, project director, International Association of Black Business Educators, P.O. Box 5064, Washington, D.C. 20004, (202) 727-2235.

DOT Launches Program to Aid Contractors

The U.S. Department of Transportation has launched a nationwide program to provide job training and business development assistance to minority construction workers and minority highway contractors.

ASSISTANCE LEVEL

The Supportive Service Program, funded at $12.5 million, is designed to increase the level of training and business development assistance to minorities through state governments. The program is administered by the department's Federal Highway Administration.

INFORMATION CONTACT

For further details, contact: Roscoe C. Dukes, Federal Highway Administration, Office of Civil Rights, HCR-30, 400 7th St., S.W., Washington, D.C. 20590, (202) 426-2925.

Profile

Systems Management American Corp.: A Growing Computer Integration Company

By Roy Betts & Lewis Giles, Jr.

PRESIDENT RONALD REAGAN presenting the 1984 National Minority Entrepreneur of the Year award to SMA Chairman and President Herman E. Valentine.

His corporate success was built over a span of 15 years beginning with $500 and one employee in an obscure one-room office in the Naval seaport town of Norfolk, Va. Today, Herman E. Valentine's company is the U.S. Navy's 93rd largest supplier nationwide and the ninth largest black-owned business in America. And the 48-year-old chairman and president of Systems Management American Corp. is competing for higher stakes as a leader in the advanced computer industry.

RISK TAKER

"You have to be willing to take risks," says Valentine seated in his executive office at SMA corporate headquarters in Norfolk. When he left a secure position as a business manager for Norfolk State University to establish his own business in 1969, his colleagues and friends thought he was making a bad mistake. "I had a very comfortable future laid out for me and I was told that a lot of people would gladly trade places with me," he says. Today, the waiting line would be considerably longer.

FAST GROWTH

For Valentine is sitting atop one of the fastest-growing businesses in America. In June 1985, **Black Enterprise** magazine ranked SMA ninth on its listing of the top 100 black-owned businesses in the United States, moving up from 17th place in 1984 and from No. 99 just five years ago. The company is experiencing an annual growth rate between 80 and 100 percent with sales of $51.5 million. It is the largest minority business employer in the state of Virginia employing 500 professional computer engineers, managers and technicians.

The company's 16-story corporate headquarters, totaling 225,000 sq. ft., covers a city block, making Valentine the owner of the largest commercial real estate property in downtown Norfolk. It has branch office operations at seven locations across the nation—in Hawaii, Florida, Washington, Northern Virginia, and California.

INDUSTRY LEADER

Specializing in computer systems integration, SMA has become a leader in the advanced computer systems industry. Systems integration is building a computer system to meet a customer's exact specifications, using the best parts from a number of manufacturers. Rather than forcing data processing needs to conform to a particular computer system, SMA identifies the end result desired by the customer and tailors technologies produced by IBM, Honeywell, Zenith and other computer manufacturers, to achieve that end. In meeting customer requirements, SMA identifies the customer's needs and conducts a thorough investigation of the resources available to meet those needs, whether they are available on the market or manufactured to specification.

LARGEST CUSTOMER

The U.S. Department of the Navy is SMA's largest customer. Since 1981, the computer systems integration firm has been performing one of the Navy's most innovative and significant projects.

The firm is performing a multi-year project with a potential contract value of $150 million with the Navy to design, manufacture, test, install and maintain the largest Shipboard Non-Tactical Automated Data Processing—SNAP II—system in Naval history. Under the project, more than 450 Navy vessels will be outfitted with the SNAP II system.

The data processing system enables Navy officials to track inventory, personnel and maintenance data aboard ships.

The project began with a $10,000 purchase order from the Navy, Valentine recalls. However, SMA has received contracts of $25 million and $55.3 million to continue working on the project through 1986.

SURPASSING SCHEDULES

Already, SMA, running ahead of schedule, has installed about 130 com-

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SMA TRAINING under the SNAP II contract is expected to involve 6,000 U.S. Navy sailors. Robert E. Roebuck (standing far right), SMA's technical training manager, is instructing seamen with assistance from William Bell (also standing).

puter systems aboard Navy ships, representing about 30 percent completion of the work on the SNAP II project.

"We are running about 90 days ahead of schedule," says Robert E. Roebuck, SMA's SNAP II technical training manager, noting that about four SNAP II systems are installed a month.

"We've not only been able to prove to the Navy that we can do the job, but we're continually upgrading the system to improve its capabilities almost every day," Roebuck says. "It is an evolutionary process in order to keep the system we're providing to the Navy in a high state of technology."

TRAINING SAILORS

In addition to fulfilling its computer manufacturing, installation and maintenance requirements under the SNAP II project, SMA also provides all the necessary training to Navy personnel using the system. Through a sophisticated Training Department at SMA headquarters equipped with an elaborate computer terminal room consisting of 12 data-entry stations, SMA technicians are training up to 6,000 Navy personnel on the SNAP II system.

SALES PROJECTION

The significance of the SNAP II project and SMA's important role to the Navy is best summarized by Rear Admiral Stuart F. Platt, competition advocate general of the Navy: "The SNAP II small computer systems for shipboard use will ease clerical workloads for Navy sailors for years to come. It will be a help to ship crews and officers in controlling the flow of paperwork that has always

SMA CORPORATE HEADQUARTERS is an impressive 16-story 225,000 sq.-ft. facility in the center of downtown Norfolk.

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been part of their daily routines, whether at sea or in port. SMA developed and tested the SNAP II automated data processing system to meet Navy's specifications and performance requirements. The firm is currently engaged in large-scale production for an additional 152 systems and associated equipment aboard ships by separate contract, and is testing a modified system for use on submarines. It is expected that the submarine system will commence limited quantity production by SMA in early 1986.

CAPABILITY ENHANCEMENT

"The rapid growth experienced by the firm due to the size of the Navy program has caused the firm to enhance capabilities in the areas of management coordination, cost-control, and logistics. The increased Navy emphasis on fixed-priced rather than cost-reimburseable contracting has provided increased corporate risks for the company's management. SMA, however, has continued to make deliveries of the systems and complete installations within the required ship availability schedules of the Navy fleet."

SALES PROJECTION

The experience and technical expertise SMA has gained on the SNAP II project has catapulted the firm's position in the computer systems integration industry. With the high technology capabilities gained from the Navy project, Valentine projects SMA sales to reach $250 million by the end of the decade. And within a short period, he expects his firm to become the no. 1 black business in America.

Herman Valentine has always believed that computer technology would play a major role in the decades of the '60s, '70s and '80s. However, he has shown no interest in expanding in the personal computer market.

"People who invest in personal computers buy them mostly because of a fad or a new trend. This is why more personal computers are remaining on the shelf today.

"I realized that if SMA had a future in the computer industry, it would have to be in the large computer systems market and microcomputer market."

This is why SMA has recently introduced its own microcomputer system designed for deployment under hostile environmental conditions.

Resulting from the technology which has grown out of the SNAP II project, SMA has developed a special expertise in the "ruggedization" of computer systems.

SMA COURIER SERVICES MANAGER Columbus A. Austin navigates the corporation's busy delivery schedule which includes frequent roundtrips from Norfolk to Washington, D.C.

QUALITY CONTROL TECHNICIAN Pauline Y. Jordan (front right) inspects keyboard video display terminals being transported by Erskine R. Hicks, materials management specialist.

RUGGEDIZED COMPUTERS

"The technology for SMA has grown out of the SNAP II project," says E. Jeanette Felton, former special assistant to the SMA president. "That's where we got the idea to ruggedize deployable computers that could go directly to the battlefields or in the back of a jeep or aboard an aircraft. We developed this system with our own research and development money and not under federal contract."

The SMA 18010, 18020 and 18050 microcomputers are ruggedized and environmentalized versions of computers manufactured by Zenith. The SMA microcomputers, which sell for less than $3,000, operate under the most severe environmental conditions. Custom-designed, crush-proof carrying cases protect the computers which can survive falls of at least 36 inches and operate in temperatures ranging from 30 degrees to 110 degrees fahrenheit without adverse effects.

The U.S. Air Force has issued a $200,000 purchase order for 205 deployable microcomputer systems manufactured by SMA. The firm has also sold three microcomputer systems to the U.S. Department of Commerce and is currently pursuing contracts for systems with other Defense agencies and the U.S. General Services Administration.

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MARKET POTENTIAL

The technology SMA has developed has a potential market value of billions of dollars, according to Myrick J. Faircloth, manager of SMA's Manufacturing Department.

"The systems we are designing and manufacturing can be used in virtually any unstable environment aboard commercial and military vehicles," says Faircloth who left a promising executive career with Westinghouse Corp. to design SMA's Manufacturing Department.

SMA's computer systems integration and ruggedization expertise already has produced corporate agreements with several major private companies including Burroughs Corp., Harris Corp., IBM, Martin Marietta, Rockwell, Texas Instruments, and Zenith.

CUSTOMIZED TECHNOLOGY

"Today's computer technology is at the same stage as that of the automobile in the 1920s," Faircloth says. "If you wanted to buy a Ford you could buy any particular model as long as the color was black. The same holds true for the computer industry. The average computer manufacturer builds a set design. If that computer model meets your requirements, fine, but if you have some additional requirement above and beyond the standard model, the manufacturer usually will not provide the new feature. SMA, on the other hand, has gained the necessary expertise in taking any computer model and tailoring it to meet the requirements of any given customer."

POVERTY CHILD

Herman Valentine's road to corporate success began at an early age. Born in poverty in Norfolk, Valentine began working when he was 11. His father died when he was 4, and his mother held down two jobs as a cleaning woman to support her three children.

Valentine worked his way through Norfolk State University and the College of William and Mary. He became executive officer of the U.S. Department of Agriculture Graduate School in Washington, D.C. He returned to Norfolk to become business manager of Norfolk State before leaving in 1969 to establish his own business.

FIRST BUSINESS

In 1970, Valentine opened a business management consulting firm under the corporate name Systems Management Associates, Inc., renamed ten years later Systems Management American Corp. It was located in a one-room office, ironically, across the street from the company's present headquarters.

IN HIGH TECHNOLOGY, SMA has earned an outstanding reputation for its production of customized state-of-the-art computer systems. Myrick J. Faircloth (standing), manager of SMA's Manufacturing Department, assists technicians Desiree R. McDowell (left) and Alice B. Rodgers (right). Seated from left to right are SMA technicians: Guy Henderson, Frank E. Huffman, and Clifton Little ruggedizing keyboard video display terminals.

The firm's first contract was for $125,000 with the Model Cities Program to assist minority-owned businesses in Norfolk. The successful completion of the program led to considerably larger contracts with the U.S. Small Business Administration and the U.S. Department of Commerce's then Office of Minority Business Enterprise, today the Minority Business Development Agency. His company grew in providing management, marketing and technical assistance to minority-owned businesses in a 13-state region.

SERVICE AQUISITION

While providing assistance to small minority businesses, Valentine observed that many of these firms lacked office computer data processing capabilities to maintain efficient accounting and record-keeping systems.

In 1971, he seized the opportunity to expand into data processing support services when he acquired a local service company that was going out of business. He acquired four keypunch machines, six employees, and larger offices to launch what soon became the largest data entry firm in the Southeast. Sales increased significantly, and the company soon began operating a 24-hour, seven-day-a-week schedule.

SBA CERTIFICATION

SMA became certified in 1971 under the SBA's 8(a) program to participate in minority set-aside contracting opportunities with the federal government. Valentine began inviting purchasing officers from local military installations and civilian support agencies to observe demonstrations of SMA's capabilities. It was during this period in the company's expansion that SMA launched an in-house training program for data entry operators, many of whom were low-

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income minorities, manifesting a people-oriented management approach which is characteristic of Valentine's management style today.

NASA CONTRACT

In 1972, SMA made corporate history, becoming the first minority computer data processing firm to obtain a contract from the National Aeronautics and Space Administration. SMA's Software Services Department designed, programmed and installed a payroll leave system for 4,000 NASA employees.

As the company grew through additional NASA contracts, SMA opened a Micrographics Department in 1973 which quickly became the largest in the state of Virginia, providing an array of on-and-off-site microfilming production.

STUDENT LOANS

1975 was a critical year in the growth of the firm. Sales hovered just below $1 million when a major contract with the Department of Health, Education and Welfare, today the U.S. Department of Education, was awarded to SMA for the processing of national student loan data.

In order to accommodate the vast workload, Valentine relocated his company headquarters to expanded offices in the modern Airport Industrial Park in Virginia Beach.

At one point, SMA was providing data processing services for Washington, D.C. student loans, National Direct Student Loans and maintained direct contact with some 18,000 lending institutions.

IN-HOUSE COMPUTERS

In 1976, SMA sales doubled over the previous year because of increased demand for data processing services. The firm also established an in-house Computer Operations Center.

In 1977, SMA sales again doubled from data-entry services and the acquisition of several significant new contracts, including a survey contract with the U.S. Equal Employment Opportunity Commission involving 7,000 local and state governments, a major study for the Consumer Products Safety Commission, and several defense-related computer systems analysis projects.

SIGNIFICANT YEAR

Perhaps the most significant year in SMA's progress toward its current position as a leader in computer systems integration was 1978, when the firm received the first computer hardware procurement contract awarded to a minority business by the federal government, to install a telecommunications system at Fort Eustis, an Army base near Newport News, Va.

PRIME CONTRACTOR

It was at this point that SMA's role as a computer systems integration leader became clearly defined. A large computer installation for the U.S. Navy's Fleet Combat Direction Systems Support Activity was integrated in 1979, including the training of Navy operations personnel. A subsequent contract for a major system upgrade of the Navy's manpower requirement analysis system further expanded SMA's computer integration experience. These and similar efforts led to the U.S. Navy's selection of SMA as the prime contractor for the SNAP II project in 1981.

PERSISTENCE REWARDED

The Navy initially felt that SMA was too small and couldn't fulfill the technical requirements of the SNAP II project.

"They thought we were absolutely out of our minds when we first approached the Navy about SNAP II," Valentine recalls. He hired seven staff specialists to the Navy's three to concentrate daily on the SNAP II project. He spent countless hours in between 75 and 100 meetings with Navy officials convincing them that "if SMA could build one computer system, it could build and install 450 systems." SMA became so thoroughly obsessed with the SNAP II project that Navy officials assigned to the project often contacted SMA officials to learn about the project's status. Valentine is convinced that the Navy didn't select SMA until "they looked up one day and they saw that I had more people working on the project than they did."

On Nov. 1, 1981, SMA submitted its proposal to the U.S. Navy for the performance of the SNAP II project. Three days later, a letter contract was awarded.

PAYMENT CENTER

Also in 1981, SMA was designated the National Payment Center by the U.S. Department of Education to handle the repayment activity associated with the Guaranteed Student Loan Program.

Today, as a subcontractor to Boeing Computer Services of Vienna, Va., SMA collects 900,000 repayments—50,000 monthly—of federal guaranteed student loans totaling more than $50 million annually, according to Sharon K. Weathers, U.S. Department of Education's on-site representative at SMA. The firm also performs the data processing and verification of more than 100,000 applications annually from colleges and universities seeking federal government assistance to collect delinquent student loans.

EXCELLENT PERFORMANCE

"SMA continues to do an outstanding job," Weathers says. "The firm has excellent quality-control techniques to anticipate and avoid problems." Boeing's Government Student Loan Program Manager Richard A. Gram says that Boeing and SMA have established "a good professional relationship" on the $22 million Education Department project.

DAILY CONTRACT-SPECIFIED reports required by the federal government are prepared by SMA's Computer Operations Dept.

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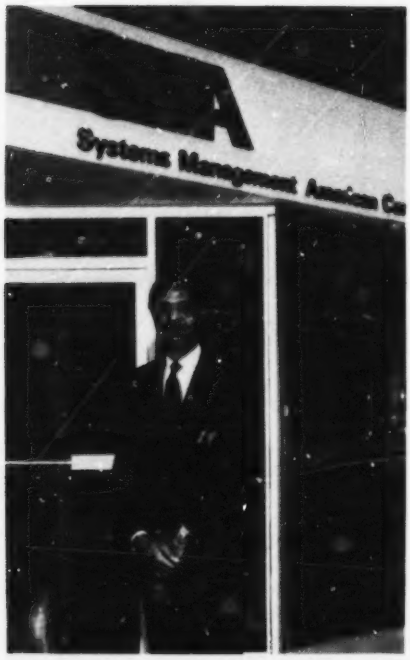

SMA CHAIRMAN AND PRESIDENT Herman E. Valentine: "I realized that if SMA had a future in the computer industry, it would have to be in the large computer systems market and microcomputer market."

COMPUTER-AIDED DESIGN SYSTEMS—operated by SMA technicians Maryanne Bragg (far left), supervisor, Computer-Aided Design Branch; Su/Ling Brzostowicz, designer; Kim MacKelvey, CAD operator; and Lisa Patillo, Special Projects Branch head—reduce preparation time, reduce costs, and increase quality.

Also in 1981, SMA received a $100,000 contract from the Smithsonian Institution's National Museum of American History to perform data entry work. Katherine P. Spiess, the museum's assistant registrar, says the museum enjoyed a pleasant working relationship with SMA on the contract which was "more successful than anticipated."

SMA also has maintained an on-going relationship with the Federal Bureau of Investigation to perform considerable data entry work, according to Marvin L. Asbell, an FBI supervisory computer systems analyst.

"We have been very pleased with SMA's work performance and have enjoyed an excellent relationship with the company," Asbell says.

CLIENT ROSTER

Other major clients of SMA include the Department of the Army, Air Force, Energy, Commerce, Education, State, and Health and Human Services. The firm's major corporate clients include Bendix, Boeing, Westinghouse, Ford Motor Co., General Electric, General Dynamics, Honeywell, and IBM.

Today's corporate image of SMA is programmed for success. Expert observers maintain the company's reputation is solid as a dependable, innovative computer systems integration company within the advanced computer systems industry.

PRESIDENTIAL CITATION

The corporate image and reputation of the company's chairman and president, Herman E. Valentine, has achieved national acclaim. In 1984, President Reagan presented Valentine with a national citation as one of the nation's top two minority entrepreneurs of the year during a White House ceremony commemorating Minority Enterprise Development Week. He was nominated by the MBDA-funded Norfolk Minority Business Development Center, operated by Boone, Young & Associates. The center is currently assisting SMA to expand its computer systems integration services to corporations in the private sector.

CORPORATE BOARD

Valentine has also assembled an impressive corporate board of directors including G. William Miller, former secretary of the treasury and chairman of the Federal Reserve Board. Other members of the SMA board include Norfolk Mayor Joseph A. Leafe, John J. Gibson II, president of Dominion Bank of Greater Hampton Roads in Norfolk, Richard J. Holland, a Virginia state senator and president of the Farmers Bank of Windsor, and William R. Harvey, president of Hampton University. Jerome Heartwell Holland, a former U.S. Ambassador to Sweden and president of Hampton Institute, now University, was an SMA board member until his death January 13, 1985.

UNIQUE ENTREPRENEUR

"SMA has a fundamental business strategy," says G. William Miller, president of a merchant banking organization in Washington, D.C. "The concept is to ruggedize data processing systems equipment for military and commercial application, for more and more customers." Of Valentine, Miller says, "Herman is a unique entrepreneur. He has natural instincts for business and he's obviously a leader."

REVENUE BONDS

It is Valentine's gutsy and determined leadership that has kept SMA afloat through some of its most difficult days. In 1981, the Norfolk Industrial Development Authority and other city officials delayed for several weeks their decision on whether the authority would issue $2.2 million in industrial revenue bonds for Valentine to purchase a four-story building formerly owned by J.C. Penney Co. for SMA's corporate head-

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quarters in Norfolk. Not only did Valentine purchase the building, he purchased an additional 16-story adjoining building and an adjacent strip of land for a reported $3.2 million. With the acquisition, Valentine became the owner of the largest commercial real estate property in downtown Norfolk.

STAYING POWER

The thought of quitting his business during difficult periods "has never entered my mind," Valentine says. "I have been in this business at 12 noon with absolutely no idea how I was going to meet a payroll by 2 p.m.. But I never walked away from it. You have to have staying power in business, otherwise you're headed on a road to disaster."

Aside from staying power, additional elements of successful business ownership are the ability to demonstrate you have a plan of action and maintain good relations with financial institutions, Valentine says.

DEVELOPMENT LOANS

Financing from outside institutions contributed significantly to SMA's early development. First National Bank of Maryland extended a $10 million commercial line of credit to Valentine. And Dominion National Bank of Norfolk issued two critical loans to the firm totaling $5.3 million which were guaranteed by the U.S. Economic Development Administration to finance the firm's expansion. Both loans were paid off in 1984, according to EDA Financial Analyst Robert R. Moore. In 1980, EDA awarded a $250,000 working capital loan to SMA to finance the company's expansion.

From all indications, SMA has a bright and profitable future as a major computer systems integration company. Morgan A. Joe, Sr., SMA's vice president and general manager, says the company is now seeking additional management expertise to sustain the firm's current growth.

LEADERSHIP SUCCESSION

But Valentine may only need to look within his own family for the company's future leadership. Both his sons Bryce, 19, and Herman, Jr., 22, work in the company when they are not attending school. Bryce attends Virginia Union University and Herman, Jr. attends New Mexico Military Institute. But Valentine says if they have any chance of succeeding him, "they will start from the bottom, working their way up from the loading docks, I guarantee you, or they will never get to the executive suite."

TAPE LIBRARIAN Michael Dale Dawson operating magnetic tape cleaning equipment to detect defects in SMA tapes which are logged into the library system.

SECURE GROWTH

Valentine appears secure in his company's future growth. "I knew that if SMA had a future, we would have to do something that no one else was doing." Now as his company approaches graduation from the SBA 8(a) procurement program, Valentine is intensifying his marketing efforts with major corporations in the aerospace and defense industries.

ROCKWELL TEAM

SMA has teamed with Rockwell International Corp. on a $685 million project for the National Aeronautics and Space Administration which could span 15 years.

The project involves the management of all space shuttle operations at NASA's Johnson Space Center in Houston, which controls shuttle missions after launch.

Rockwell has established a new division, Rockwell Shuttle Operations Co. in Houston, to lead a team of five other companies—including SMA—under the project, which consolidates work currently performed by 16 companies under 22 contracts.

Rockwell Shuttle Operations Co. is the lead contractor on the NASA project. Rockwell, SMA and four other subcontractors will be responsible for maintenance, engineering, flight preparations, testing and support.

SMA's portion of the work is about $3 million now under a two-year contract with a two-year renewal option. However, SMA officials expect follow-on contracts over a possible 15-year period. SMA will provide integrated logistics support which involves computerized inventory management, operating and maintaining spare computer equipment and providing repair services at the Johnson Space Center. SMA plans to establish an office in Houston and hire about 100 computer engineers and technicians.

PORTFOLIO MUSCLE

"We are extremely excited about this contract," says Valentine. "This award is very significant and holds bright promise for SMA's expanded presence in aerospace. To be named a primary player on Rockwell's team to manage our nation's manned space program over the next 15 years is quite a coup for SMA. This award will add greater muscle to both our financial and technological portfolios."

IMPRESSIVE COMPANY

Robert G. Minor, president of Rockwell Shuttle Operations Co., says Rockwell is "very proud of our team and we're anxious to be working with SMA and Johnson Space Center hopefully over the next 15 years. From a technical standpoint and the caliber of its employees, SMA is a very impressive company."

CONTRACT PARTICIPATION

Valentine has emphasized the point made in Minor's comments throughout his illustrious career at the helm of SMA. When he meets with chief executive officers and corporate senior vice presidents, he delivers a simple message: "We're good and we know we're good. And we'd certainly like to do business with your company and participate in your contracts. It's just as much to your advantage as it is to ours."

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Publications

ABA-NFIB Issue Steps to Obtain Finance

By Norman V. Alston

A booklet to help small and minority-owned businesses obtain financing has been published by the American Bankers Association in conjunction with the National Federation of Independent Business.

The booklet, titled "Steps to Small Business Financing," describes step-by-step procedures businesses should take before seeking bank loans or financing from other lending institutions.

MAJOR SOURCE

Commercial banks have been a major source of financing for small and minority businesses. According to NFIB, the nation's 14,500 commercial banks provide an estimated 85 percent of all small business loans. Aside from personal savings, banks are the major source of capital to foster new businesses, NFIB said.

"Steps to Small Business Financing" also offers advice on how small and minority businesses should select a potential lender. It also describes various types of financing that are available: short- and long-term loans, commercial mortgages, letters of credit, and equity financing.

FINANCIAL SHOPPING

The booklet recommends adequate time in "shopping" for the best financial program and the lowest possible rates. It also suggests that a written statement explaining the purpose of the loan, method of repayment, and a description of the type of business and its history be included with a loan application.

PURCHASING SOURCES

Copies of "Steps to Small Business Financing" may be obtained free of charge from your local bank, or by writing to the NFIB Research and Education Foundation, 150 West 20th Ave., San Mateo, California, 94403. The cost to non-NFIB members is $2.50 each for 1-10 copies, and $1.50 each for members. Checks should be made payable to the NFIB.

Interview

Rouse Reveals His Motivation Behind Affordable Low-income Housing Projects Across The Country

JAMES W. ROUSE

James W. Rouse is chairman of the board and chief executive officer of the Enterprise Development Co., a private, for-profit real estate development firm based in Columbia, Md. He also heads the Enterprise Foundation, a nonprofit, publicly-supported foundation that helps finance housing for low-income families in the nation's inner cities.

Hailed as an "urban visionary" and "entrepreneurial genius" by leaders of the American Society of Interior Designers, Rouse founded the Rouse Co., and for 40 years served as its president and chief executive officer, and later chairman of the board. Under his leadership, the company revolutionized the real estate development industry with the creation of suburban retail centers or "shopping malls," as Rouse called them. He built the first mall as a private developer in 1958. He envisioned, planned, and built the new town city of Columbia, Md., on 14,000 acres of farmland halfway between Baltimore, Md., and Washington, D.C. His most notable developments are the Rouse Co. extravaganzas: Faneuil Hall in Boston; Waterside in Norfolk, Va.; Harborplace in Baltimore—a festival marketplace that rejuvenated a rundown section of Baltimore's inner city; and 6th St., Marketplace in Richmond, Va., the newest festival place developed by Rouse.

Rouse was a member of President Reagan's Task Force on Private Sector Initiatives in 1982 and of President Eisenhower's Task Force on Housing in 1953. He helped draft the urban renewal plan embraced in the Housing Act of 1954, and he was an early supporter of open-housing and public-accommodation laws and has insisted in his real estate development projects that minority Americans participate fully in property construction, ownership and management.

He was one of the founders of the Business Committee for the Arts, the American Council to Improve Our Neighbor-

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hoods, Urban America, and the National Urban Coalition.

He is a member of the Advisory Board of the Harvard University Public Policy and Corporate Management Program and a member emeritus of the Board of Trustees of the Johns Hopkins University. He has been elected an honorary lifetime member of the American Institute of Landscape Architects.

He is also a member of the Council on Foreign Relations and a member of the board of directors of The World Policy Institute.

"Our goal is to assure that all poor people are adequately housed."

He is a member of the board of directors of the Ryland Group, Inc., World Times, Inc., and the north American Advisory Board of Touche, Remnant and Co., London. In 1981, he was installed in Fortune magazine's Business Hall of Fame.

In the following interview with the editors of **Minority Business Today,** *Rouse explains his latest innovative project to build safe, sound, affordable housing for low-income families, the role of minority businesses in this project, what new financial instruments will be used, and in what future course the real estate industry is headed.*

MBT: At a time when successful businessmen are comfortably retired, you have launched an innovative project to revolutionize the way housing is built and financed for low-income families in our nation's inner cities. What is your driving motivation behind this Herculean task, and what will it take for your organization to achieve success in this project?

ROUSE: Our goal is to assure that all poor people are adequately housed. We work with people with incomes below $10,000 a year. It is our belief that it is possible in this country to provide fit and livable housing for all poor people. That is our goal. We are serious about that. It doesn't mean that we believe we can accomplish this task within a generation, but the motivation is that we think it is doable and should be done. It requires development. There are impediments to decent housing, and our job is to deal with each of them to find solutions. We think that housing can be rehabilitated at 20 to 40 percent below the prevailing cost of rehabilitation. A year ago, in our annual report, we said that an enterprise does not exist simply to work at the problem of housing the very poor, but to work at the tasks to see that they are solved, and that the poor are adequately housed within a generation. We are increasingly encouraged about building a new national system to deal with the problems of housing and helping the poor to lift itself from poverty into the mainstream of American life. This is the important hope—and expectancy—of our work. We are not doing 'projects' nor supporting miscellaneous groups. We are building a process and a system to change the lives of the poor in this country. That is our commitment.

MBT: You have organized the Enterprise Development Co. and the Enterprise Foundation in this effort. How do these organizations complement one another?

ROUSE: The Enterprise Foundation is a public foundation. As such, it can own 100 percent of the stock of a for-profit corporation. A private foundation can only own 20 percent. The development company was formed as a wholly-owned subsidiary of the foundation. Its job is to make money in commercial real estate development, not to house the poor. All the money flows to the foundation, and ultimately to housing the poor. The development company's forecast anticipates cash flow to the foundation in excess of $1 million a year in the late '80s, reaching $10 million to $20 million annually in the 1990s. Its purpose is to make the foundation self-sustaining within a decade. Financial commitments in support of the foundation's work in 1984 totaled $23 million toward our goal of $25 million. We have received financial commitments from 102 corporations, foundations and individuals—including Alcoa Foundation; Atlantic Richfield Foundation; CBS, Inc.; Exxon Corp.; Ford Foundation; Andrew W. Mellon Foundation; David Rockefeller; the Rouse Co.; Standard Oil Co. of Ohio; and Sun Co., Inc. The other purpose: to provide jobs for a very high percentage of minority workers in our centers. These jobs are in areas such as maintenance, security and sales. We have established the Enterprise Job Placement Network using the jobs program established by Jubilee Housing in Washington, D.C., as a model. We have opened nine Job Placement Centers in Washington, D.C.; Chicago; Oakland, Calif.; Philadelphia; Detroit; Baltimore; Lynchburg, Va.; and two in Cleveland. We expect to open a new center in Newark, N.J., in November 1985. In total, we expect to create more than 1,600 jobs through these centers. Thirty-five percent of the employees in our centers are minorities. So the centers create jobs. A very high percentage of the persons we employ in the center are unemployed at the time that we fill the centers. We provide opportunity for minority business, and we lift the spirit of the city. It brings everybody in the community together.

MBT: What progress is being made by your organization in developing safe, sound and affordable housing for the poor? Specifically, what has been the Enterprise Foundation's total financial contribution in this project to date?

ROUSE: We are now in 42 neighborhoods in 22 cities. We have developed over 2,000 dwelling units so far. We have projected 1500 for 1985. Through 1984, we provided $2.4 million in grants and loans to help finance $19.5 million in new development projects. In 1985, we expect to provide $3.5 million in grants and loans to produce between $25 million and $30 million in new development projects. In the cities, we find people working on menial jobs at neighborhood level who can be employed in housing. We started in Norfolk with two marvelous women, a mother and daughter. We put up the money for them to buy and rehabilitate their first house. They finished it in 1984. They will complete eight houses in 1985, and 25 houses in 1986. It is building that

"We think that housing can be rehabilitated at 20 to 40 percent below the prevailing cost of rehabilitation."

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organizational strength, and helping it grow, that is so vitally important in developing our projects.

MBT: Are there common characteristics among the neighborhood organizations with which you work?

ROUSE: It varies from city to city. In almost every city today, we enter into an affirmative-action agreement which covers four areas: the number of minority workers during construction, the percentage of contracts awarded to minority contractors, the number of minority merchants, and the number of jobs created for minorities. For example, in Richmond, Va., we established affirmative-action goals which stipulated that 30 percent of all subcontracts for construction of 6th Street Marketplace be awarded to minority subcontractors. We also required that 30 percent of the construction employment force be minority persons, and that of the number of businesses operating in the Richmond marketplace, 15 percent would be minority-owned businesses. There are presently 100 companies operating in our Richmond marketplace of which 18 percent are minority-owned.

"We are not doing 'projects' nor supporting miscellaneous groups. We are building a process and a system to change the lives of the poor in this country. That is our commitment."

ROUSE: The common characteristic is a commitment to the poor by caring people who are capable of doing something about it. They don't have to have any knowledge or experience. We will supply that. We will set up a training program on how to buy dwellings, how to finance them, how to rehabilitate them. We will take them to other cities and show them what is happening. We will provide field officers who will continue to work with them as they learn and grow in that capacity. Our basic criteria for selecting neighborhood groups as members of the Enterprise Network are: a strong neighborhood base; a commitment to help the very poor; involvement of residents in the housing development process; use of volunteers; fundraising within their own communities; assistance in the management and maintenance of residents' properties; provision of services to improve the quality of life such as job training, job placement, health services, child care and education; institutional backing from a stable organization in the community; and prevention of displacement. The characteristics of the groups are very different. Some emerge from churches. In Oakland, two nuns started a project. Jubilee Housing in Washington, D.C.—where this all started—emerged out of a little church. In Philadelphia, a black woman named Alice Lipscomb, who has been a neighborhood leader for 20 years, heads the project. Her strength, and the people she has organized around her, keeps her housing projects going.

MBT: You have emphasized throughout your illustrative career that minorities participate fully in construction, property ownership, and management of the participation by minority firms in the Enterprise Development Co.'s projects?

MBT: How can minority-owned construction firms and other minority businesses become more involved with your projects?

ROUSE: The construction really has to come through the general contractor. We always impress upon that general contractor the importance of minority workers and minority contracts. Most contractors today are very responsive to this. It is a different world from what it was a half-dozen years ago. The main thing they are looking for is competence. A minority subcontractor could say: 'I can't get competence unless I get work'. The real need is growth in the numbers and in the capacity of the individual subcontractor, and it is happening. It is happening impressively. Not as many as are needed, and not as many as there ought to be.

"In 1985, we expect to provide $3.5 million in grants and loans to produce between $25 million and $30 million in new development projects."

MBT: It is believed that the key to revolutionizing the housing industry for low-income families is the method in which such housing projects are financed. How successful has the Enterprise Foundation been in attracting the necessary financing for your projects? And what innovative methods of financing have you discovered?.

ROUSE: We are doing a lot in that field. First of all, we have field officers who are specially trained in finance. The first thing they do is pull together every available resource. Neighborhood groups generally are unaware of government plans, state plans, and city plans for financing, UDAG, ODAG, or whatever. The second thing we have done is to use Section 167(k) of the Internal Revenue Code. The section allows five-year depreciation on the cost of rehabilitation of housing for poor families. It hasn't been used very much. We are developing ten projects using Section 167(k). This allows us to sell the equity. In Cleveland, we have been able to bring in Standard Oil of Ohio. It is buying 30 percent of 33 houses costing $23,000, thereby reducing the cost by $17,000 each. That is $7,000 right off the top. Jubilee Housing in Washington D.C., sent a letter to friends asking them to lend money to Jubilee Housing at rates ranging from zero to six percent. In two years, it has raised almost one million dollars from 300 lenders. Jubilee Housing has raised just under $2 million at 1.42 percent interest. We are trying to institutionalize that financing technique through a financial institution whereby people can make deposits at a yield of three percent with the assurance that the money will only go to house the poor. I think we are going to be able to do this, and it will be a very important step forward.

MBT: What should be the role of the federal government in providing affordable housing for the poor?

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ROUSE: The federal government should provide money, not programs. We made a mistake in our country. We can't say this critically. This is just something that we have learned as we have gone forward. The federal government, by spelling out the exact program—either public housing or credit subsidies under 235 and 236—took the initiative and the responsibility away from the people and it became very expensive. We have had entirely too many failures in the United States where public housing had to be demolished, such as Columbia Point in Boston. What I would like to see is the federal government make money available to housing for the poor in the same way it does in UDAG, which provides that the initiative must come from the local community. There is no program requiring five times as much private money as government money. It must raise the assessable base of the city, provide jobs, and meet other criteria of this kind. The city government identifies developers who propose these projects. In the City of Tucson, a UDAG grant is made to the city, which uses the grant to make loans to the developers. That same process should be used to provide housing for the poor. Cities should propose the projects with the lowest costs, to improve the neighborhood and provide social services along with the housing. Then the money would go to the cities which would use the money to stimulate the work of neighborhood groups.

"... I would like to see the federal government make money available to housing for the poor ... Then the money would go to cities which would use the money to stimulate the work of neighborhood groups."

MBT: How has real estate development changed since you began your remarkable career?

ROUSE: It is ten times as complicated. The costs are five times what they were, and borrowing money is three times what it was. Back in 1970, we had a builder in Columbia, Md., who was selling a three-bedroom row house that a person could finance with an income of $7,000 a year. Teachers and policemen could afford to live in Columbia. Today that same house on resale requires an income of $45,000 a year. That is the change.

MBT: What is your dream of the ideal American city?

ROUSE: It would be a city in which all systems are integrated to meet everyone's needs, one in which everybody who has the physical and mental capacity to be productive would have the opportunity for gainful employment. People would be able to work at jobs that fulfill their capabilities. These are the most important things it seems to me. This means that, at the very minimum, the systems for education, health care, correction, transportation, and employment would all work together to provide for the growth of all people in the city. If that happened, housing would work. There would be no joblessness, and the city would function as a place for the life and growth of all the people.

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